

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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In the Matter of the Application of
GOLDEN STATE WATER COMPANY
(U 133 W) for an Order authorizing it to
Increase Rates for Water Service by
\$2,812,100 or 32.61% in 2008; by \$-
178,700 or -1.51% in 2009; and by
\$109,900 or 0.92% in 2010 in its Arden
Cordova Customer Service Area.

A.07-01-009

A.07-01-010

A.07-01-011

A.07-01-012

A.07-01-013

A.07-01-014

A.07-01-015

And Related Matters.

**GOLDEN STATE WATER COMPANY'S (U 133 W)
MOTION FOR INTERIM RATE RELIEF**

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November 19, 2007

I. INTRODUCTION

On October 18, 2007, Administrative Law Judge DeAngelis sent Golden State Water Company (GSWC) and the other parties to this proceeding the following concise email:

I have been informed that, due to a staff shortage, Water Division will not be able to finalize the rate charts [to] attach to the PD I intended to mail out on Nov 6, 2007, and Water Division may not be able to complete these charts to enable new rates to become effective on Jan 1, 2008. Therefore, Golden State must file a Motion for Interim Rates if it wants new rates to become effective Jan 1, 2008.

October 18, 2007 E-mail, ALJ DeAngelis (emphasis added).

Accordingly, GSWC hereby moves the Commission pursuant to Section 455.2 of the California Public Utilities Code for interim rate relief effective January 1, 2008 with respect to the seven (7) ratemaking areas in this proceeding. GSWC requests that the interim rates be based upon the rate of inflation as compared to existing rates for these seven customer service areas, subject to refund and upward or downward adjustment back to January 1, 2008, consistent with the final rates adopted by the Commission in this proceeding.

The rate of inflation is calculated using the most recent Consumer Price Index information maintained by the U.S. Department of Labor. As of September 2007, the rate of inflation was 2.8%. GSWC used that value in

preparing the proposed interim rate schedules/tariffs that are attached to this motion.

As shown below, the delay in issuing a final decision in this General Rate Case is not the fault of GSWC. Based on ALJ DeAngelis' email, the only reason the issuance of her Proposed Decision has been delayed beyond her stated target date of November 6, 2007, is the lack of available Water Division staff needed to prepare the rate tables that accompany the Proposed Decision. To be sure, the Commission's staff shortage does not warrant the denial of interim rate relief to GSWC. Indeed, after reading the October 18th email, GSWC wrote to ALJ DeAngelis offering its services and experience to prepare the rate tables in an expeditious manner. But the Commission declined GSWC's offer of assistance.

Therefore, it is in the public interest to grant interim rate relief to GSWC. GSWC respectfully requests that the Commission authorize GSWC to implement the proposed tariffs attached to this motion in the Region I customer service areas so that interim rates are effective beginning January 1, 2008.

II. GSWC HAS MET THE CRITERIA FOR INTERIM RATE RELIEF.

Section 455.2 of the Public Utilities Code permits a Class A water utility to request an inflation-indexed interim rate increase in the event the water utility's

general rate case is not completed by the first day of the first test year in the application:

(a) The commission shall issue its final decision on a general rate case application of a water corporation with greater than 10,000 service connections in a manner that ensures that the commission's decision becomes effective on the first day of the first test year in the general rate increase application.

(b) If the commission's decision is not effective in accordance with subdivision (a), the applicant may file a tariff implementing interim rates that may be increased by an amount equal to the rate of inflation as compared to existing rates. The interim rates shall be effective on the first day of the first test year in the general rate case application. These interim rates shall be subject to refund and shall be adjusted upward or downward back to the interim rate effective date, consistent with the final rates adopted by the commission.

Cal. Pub. Util. Code § 455.2.

There are three criteria to be considered in granting interim rate relief: (1) whether the utility has made a substantial showing that supports a rate increase at least equal to the rate of inflation; (2) whether the delay in completing the GRC proceeding is due to actions by the water utility; and (3) whether interim rate relief is in the public interest. *See* Decision (D.)06-12-017; D.04-06-018 at 21-24.

GSWC has satisfied each of these criteria.

A. *GSWC's Showing Supports a Rate Increase equal to or Greater than the Rate of Inflation.*

As to the first criterion, the applications filed in January 2007 for the seven CSAs that comprise Region I made showings in support of rate increases for 2008 that are in excess of the 2.8% CPI inflation rate. GSWC sought increases ranging from 8% to 52% in 2008 in its Applications in this case, as compared to the CPI indexed rate of inflation of 2.8% as of September 30, 2007.

GSWC's showing was supported by extensive testimony as well as workpapers. Many of the contested issues for the seven CSAs were settled in a stipulation filed by GSWC and DRA on August 16, 2007. It is clear from the summary-of-earnings tables in Appendix A to the stipulation that when the amounts the parties have agreed upon are taken into account, the rates for 2008 requested by GSWC exceed the applicable inflation rate. Using the stipulated amounts and GSWC's recommendations for the remaining contested items, the operating revenues produced by the company's proposed rates for the seven CSAs would produce an increase of 17.3% in 2008.

B. GSWC Has Not Caused The Delay In Issuing The Proposed Decision.

The second factor to consider is whether the delay in processing the water GRC is “due to actions by the water corporation.” If the Commission concludes that it is, then the Commission or presiding officer may deny GSWC’s request for interim rates or set a different effective date for the interim or final rates than the date specified in Section 455.2.

Pursuant to the Rate Case Plan, GSWC timely filed the general rate cases for the seven customer service areas that comprise Region I on January 5, 2007. In the third clause of its prayer for relief in each of the seven Applications, GSWC requested that it be granted interim rates “as determined reasonable by the Commission if completion according to the Commission’s Regulatory Plan Time Table is delayed or if step and attrition increases are delayed due to no fault of GSWC.”

After the Applications were filed, GSWC and DRA worked expeditiously to keep the case on track. The schedule for this case was set forth in the March 30, 2007 Scoping Memo. Under that schedule, the parties were to begin evidentiary hearings on June 25, 2007, which they did. The case was scheduled to be fully briefed and submitted for decision by August 6, 2007. In actuality, the case was submitted 11 days later, on August 17. The Scoping Memo scheduled

the issuance of the Proposed Decision for October 23. In the ALJ's October 18th email, she indicated that she had targeted November 6, 2007 for the date to issue the Proposed Decision. Had the Proposed Decision been issued on November 6th, there was sufficient time to place that Proposed Decision on the Commission's Agenda for either December 6 or December 20, 2007, allowing for adoption of the Final Decision prior to December 31, 2007 and implementation of new rates on January 1, 2008.

As the Commission noted in D.05-12-024, the new Rate Case Plan requires the parties to adhere to an ambitious, expedited schedule. The departure from the briefing schedule was minor (11 days in total) and was driven in significant part by the complexities of the case. The delay in processing this GRC, which delay precludes new rates from becoming effective on January 1, 2008, is not "due to actions by the water corporation."

C. The Implementation of Interim Rates Is in the Public Interest.

The third determination the Commission must make before authorizing interim rates pursuant to Section 455.2 is that it is in the public interest to do so. In this case, that finding follows rather straight-forwardly from the determinations that (a) GSWC is seeking rate increases for its Region I customer service areas that exceed the 12-month average increase in the CPI; and (b) the

Commission's inability to put final rates into effect by January 1, 2008 is not "due to actions by" GSWC, but rather the delay is being caused by a shortage in Water Division staff needed by ALJ DeAngelis to prepare the rate tables she will attach to her Proposed Decision.

As the Commission stated in D.05-12-024, the delay here "should not result in either the utility foregoing revenue necessary for just and reasonable rates or the ratepayers paying less than reasonable rates." Based on the foregoing, GSWC's motion for interim rates should be granted so that rates can be implemented by January 1, 2008.

Dated: November 19, 2007

Respectfully submitted,

Patricia A. Schmiede
Law Office of Patricia A. Schmiede

/s/ Patricia A. Schmiede

Patricia A. Schmiede
Attorney for Applicant
Golden State Water Company

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of **"Golden State Water Company's Motion for Interim Rate Relief"** on all known parties to A.07-01-009, et al., by sending the entire document as an attachment to all parties who provided electronic mail addresses to the Commission, as follows:
rmd@cpuc.ca.gov; cwl@cpuc.ca.gov; vcc@cpuc.ca.gov; flc@cpuc.ca.gov;
snr@cpuc.ca.gov; jkersnar@ojaicity.org; kstaples@verizon.net; enriqueg@lif.org;
wdmiley@aol.com; kcouturie@pobox.com; kswitzer@gswater.com;
stomkins@omm.com; jgaron@gswater.com; rkmoore@gswater.com ; and by mailing a properly addressed copy by first-class mail with postage prepaid to: ALJ DeAngelis, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, California 94102.

Executed on November 19, 2007, at San Rafael, California.

/s/ Patricia A. Schmiede

Patricia A. Schmiede